

STATE OF NEVADA  
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

**PARI-MUTUEL WAGERING**

**Client** \_\_\_\_\_ **Audit** \_\_\_\_\_ **Prepared**  
**Name:** \_\_\_\_\_ **Period:** \_\_\_\_\_ **By:** \_\_\_\_\_

NGC Regulation 6.090(9) requires the CPA to use “criteria established by the chairman” in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee’s pari-mutuel wagering operations are in compliance with the Pari-Mutuel Wagering Minimum Internal Control Standards.

**Indicate licensee personnel contacted:**

<b>Date of Inquiry</b>	<b>Person Interviewed</b>	<b>Position</b>

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

\_\_\_\_\_ Confirmed via examination/review  
\_\_\_\_\_ Confirmed via inquiry  
\_\_\_\_\_ Confirmed via observation

**Note 1:** For any Board-authorized computer applications, alternate documentation and/or procedures which achieve the objectives of the Minimum Internal Control Standards will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability.

**Note 2:** The term “SAM” as used in this questionnaire refers to a “screen activated machine”.

Yes      No      W/P  
Ref.

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	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
<b><i>Betting Ticket and Equipment</i></b>			
1. Are all pari-mutuel wagers transacted through the pari-mutuel system?	_____	_____	_____
2. Whenever a betting station is opened for wagering or turned over to a new writer/cashier, does the writer/cashier sign on and the computer documents the following:			
a. Casino name?	_____	_____	_____
b. Station number?	_____	_____	_____
c. The writer/cashier identifier?	_____	_____	_____
d. The date and time?	_____	_____	_____
3. Does the betting ticket consists of at least the following three parts:			
a. An original which is transacted and issued through a printer and given to the patron?	_____	_____	_____
b. A copy which is recorded concurrently with the generation of the original ticket either on paper or other storage media (e.g., tape or diskette)?	_____	_____	_____
c. A restricted copy which is not accessible to book employees?	_____	_____	_____
4. Upon accepting a wager, does the betting ticket which is created contain the following:			
a. An alpha-numeric ticket number?	_____	_____	_____
b. Casino name and station number?	_____	_____	_____
c. Race track, race number, horse identification or event identification, as applicable?	_____	_____	_____
d. Type of bet(s), each bet amount, total number of bets, and total take?	_____	_____	_____
e. Date and time?	_____	_____	_____

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<b>5.</b> Is a void betting ticket either:			
a. Immediately branded with a void designation by the computer on the ticket? or	_____	_____	_____
b. If a ticket is voided manually, by inputting the ticket sequence number and immediately writing/stamping a void designation on the original ticket?	_____	_____	_____
6. For all void tickets, are the tickets signed by the writer/cashier and the supervisor at the time of the void?	_____	_____	_____
7. Are not-in-computer voids either prohibited or, if not-in-computer voids are permitted, is no adjustment to gross revenue made?	_____	_____	_____
8. Are future wagers accepted and processed in the same manner as regular wagers?	_____	_____	_____

***Payouts***

9. Prior to making payment on a ticket, does the writer/cashier input the ticket for verification and payment authorization?	_____	_____	_____
<b>10.</b> Does the system brand the ticket with:			
a. A paid designation?	_____	_____	_____
b. The amount of payment?	_____	_____	_____
c. The date?	_____	_____	_____
11. If a writer/cashier manually inputs the ticket sequence number into the computer, does the writer/cashier immediately date stamp and write/stamp a paid designation on the patron's ticket?	_____	_____	_____
12. Is the computer incapable of authorizing payment on a ticket which has been:			
a. Previously paid?	_____	_____	_____
b. A voided ticket?	_____	_____	_____

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c. A losing ticket?	_____	_____	_____
d. An unissued ticket?	_____	_____	_____
<b><u>13.</u></b> In those instances where system failure has occurred and tickets are manually paid, is a log maintained which includes:			
a. Date and time of system failure?	_____	_____	_____
b. Reason for failure?	_____	_____	_____
c. Date and time system restored?	_____	_____	_____
14. Are all manually paid tickets entered into the computer system as soon as possible to verify the accuracy of the payout (this does not apply to purged, unpaid winning tickets)?	_____	_____	_____
15. Are all manually paid tickets regraded as part of the end-of-day audit process should the computer system be inoperative?	_____	_____	_____

***Checkout***

16. Whenever the betting station is closed or the writer/cashier is replaced, does the writer/cashier sign off and the computer documents:			
a. The casino name?	_____	_____	_____
b. The station number?	_____	_____	_____
c. The writer/cashier identifier?	_____	_____	_____
d. The date and time?	_____	_____	_____
e. The cash balance?	_____	_____	_____

**Testing summary reports for compliance with Question 17 is required.**

**Scope: Select 1 summary report per day for 2 days per year. Test days must be in non-consecutive months.**

**17.** For each writer/cashier station is a summary report completed at the

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conclusion of each shift including:			
a. Computation of cash turned in for the shift?	_____	_____	_____
b. Signatures of two employees who have verified the cash turned in for the shift?	_____	_____	_____

***Employee Segregation of Duties***

18. Are pari-mutuel book employees prohibited from wagering on race/sporting events while on duty, including during break periods? \_\_\_\_\_

**Pari-mutuel race book employees are not prohibited from placing wagers from the customer area in the sports pool, and pari-mutuel sports book employees are not prohibited from placing wagers from the customer area in the race book.**

***Computer Reports***

19. Is adequate documentation of all pertinent pari-mutuel information generated by the computer system? \_\_\_\_\_
20. Is this documentation restricted to authorized personnel? \_\_\_\_\_
- 21.** Is the documentation created daily and includes, at a minimum:
- a. Ticket/voucher number? \_\_\_\_\_
- b. Date/time of transaction? \_\_\_\_\_
- c. Type of wager.? \_\_\_\_\_
- d. Horse identification or event identification? \_\_\_\_\_
- e. Amount of wagers (by ticket, writer/SAM, track/event, and total)? \_\_\_\_\_
- f. Amount of payouts (by ticket, writer/SAM, track/event, and total)? \_\_\_\_\_
- g. Tickets refunded (by ticket, writer, track/event, and total)? \_\_\_\_\_
- h. Unpaid winners/vouchers ("outs") (by ticket/voucher, \_\_\_\_\_

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	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
track/event, and total)?	_____	_____	_____
i. Voucher sales/payments (by ticket, writer/SAM, and track/event)?	_____	_____	_____
j. Voids (by ticket, writer, and total)?	_____	_____	_____
k. Future wagers (by ticket, date of event, total by day, and total at the time of revenue recognition)?	_____	_____	_____
l. Results (winners and payout data)?	_____	_____	_____
m. Breakage data (by race and track/event)?	_____	_____	_____
n. Commission data (by race and track/event)?	_____	_____	_____
o. Purged data (by ticket and total)?	_____	_____	_____

**Testing of the following reports for compliance is required.**

**Scope: Select 1 of each report for 2 days per year. Test days should be in non-consecutive months.**

<b><u>22.</u></b> Does the system generate the following reports:	_____	_____	_____
a. A daily reconciliation report that summarizes totals by track/event, including:			
1) Write?	_____	_____	_____
2) Today's winning ticket total?	_____	_____	_____
3) Total commission and breakage due the licensee?	_____	_____	_____
4) Net funds transferred to or from the licensee's bank account?	_____	_____	_____
b. An exception report that contains a listing of all system functions and overrides not involved in the actual writing or cashing of tickets, including:			
1) Sign-on/offers?	_____	_____	_____
2) Voids?	_____	_____	_____

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3) Manually input paid tickets?	_____	_____	_____
c. A purged ticket report that contains:			
1) A listing of ticket numbers?	_____	_____	_____
2) A description?	_____	_____	_____
3) The ticket cost and value?	_____	_____	_____
4) The date purged?	_____	_____	_____

***Accounting and Auditing Functions***

23. Is the pari-mutuel audit conducted by someone independent of the race, sports, and pari-mutuel operations?	_____	_____	_____
<b>24.</b> Is documentation maintained evidencing the performance of all pari-mutuel accounting and auditing procedures?	_____	_____	_____
25. Does an accounting employee examine the daily reconciliation report, compare it to the revenue summary produced by the system, and recalculate the net amount due to or from the systems operator?	_____	_____	_____
26. Does an accounting employee reconcile transfers with the bank statements on a monthly basis?	_____	_____	_____
27. Does the auditor verify daily cash turn-in by comparing actual cash turned in to cash turn-in per pari-mutuel reports?	_____	_____	_____
<b>Note: Beginning balance, (+) fills (draws), (+) net write (sold less voids), (-) payouts (net of IRS withholding), (-) moneybacks (pays), (=) cash turn-in.</b>			
28. For one track/event per day, does the auditor verify commissions per the daily reconciliation report by recalculating track/event commissions?	_____	_____	_____
29. For the track/event selected above, does the auditor verify daily transfers due to/from the systems operator by recalculating the deposits?	_____	_____	_____

**Note: Net sales, (+) negative breakage, (-) commissions, (-) positive**

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<b>breakage, (-) accrual pays, (=) deposit.</b>			
<b>30.</b> Does an accounting employee produce a gross revenue recap report to calculate gross revenue on a daily and month-to-date basis, including the following totals:			
a. Commission?	_____	_____	_____
b. Positive breakage?	_____	_____	_____
c. Negative breakage?	_____	_____	_____
d. Track/event fees?	_____	_____	_____
e. Track/event fee rebates?	_____	_____	_____
f. Purged tickets?	_____	_____	_____
31. Are track/event fees and track/event fee rebates traced to the invoices received from the systems operator?	_____	_____	_____
32. Are all winning tickets and vouchers from the SAM's removed on a daily basis by an accounting employee?	_____	_____	_____
33. Are SAM's winning tickets and vouchers immediately delivered to the accounting department?	_____	_____	_____
34. Does the auditor perform the following procedures:			
a. For one SAM per day, foot the winning tickets and vouchers deposited and trace to the totals of SAM activity produced by the system?	_____	_____	_____
b. Foot the listing of cashed vouchers and trace to the totals produced by the system?	_____	_____	_____
c. Review all exceptions for propriety of transactions and unusual occurrences?	_____	_____	_____
d. Review all voids for propriety?	_____	_____	_____
e. For one day per week, verify the results as produced by the system to the results provided by the wire service?	_____	_____	_____
f. For one day per week, regrade 1% of paid (cash) tickets to			



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ensure accuracy and propriety?	_____	_____	_____
g. When applicable, reconcile the daily totals of future tickets written to the totals produced by the system for both unearned and earned take, and review the reports to ascertain that future wagers are properly included on the day of the event?	_____	_____	_____
35. At least annually does the auditor perform the following:			
a. Foot the wagers for one day and trace to the total produced by the system?	_____	_____	_____
b. Foot the customer copy of paid tickets for one day and trace to the total produced by the system?	_____	_____	_____
36. At least one day per quarter, does the auditor recalculate and verify the change in the unpaid winners to the total purged tickets?	_____	_____	_____